

TRANSPORTATION , CAPITAL AND ECONOMIC DEVELOPMENT

TRANSPORTATION

Governor Gregoire is committed to providing a safe, efficient transportation system for Washington travelers and goods, preserving and maintaining current infrastructure, and keeping Washington workers on the job. The Governor's budget helps to achieve these goals while keeping careful watch of challenges on the horizon:

- » The recent adoption of a more realistic fuel forecasting method reduces transportation revenue by \$642 million over the next 10 years.
- » Washington is nearing completion of the \$15.5 billion program funded by the 2003 Nickel and 2005 Transportation Partnership voter-approved gas taxes. As construction spending declines from \$2.4 billion to \$422 million over the next four years, fewer engineering and other technical staff will be needed. The Department of Transportation will be reduced by 800 engineering and technical full-time equivalent staff, or FTEs, by June 30, 2015.

The department is keeping the largest construction program in state history on time and within budget. Of 421 projects funded through the 2003 and 2005 revenue packages, 282 projects valued at \$3.8 billion were completed by September 2010. Fifty projects valued at \$9.8 billion are now under construction. And 23 projects valued at \$378 million are expected to go to advertisement by March 2011. The remaining 66 projects should go to advertisement in the future. Over the next two years, transportation construction projects will create or sustain about 22,200 jobs as part of a total construction budget of \$5.4 billion.

Programs We Continue

Alaskan Way Viaduct

We maintain the commitment of \$2.4 billion in funding. Up to \$400 million in tolls may be generated if authorized by the Legislature, for total project funding of \$2.8 billion. The contract for the tunnel, which is on schedule to be open to traffic in 2015, will be signed in January 2011. This project will create or sustain 4,400 jobs. *(Total support over time: \$2.8 billion multiple fund sources; 2011–13 commitment: \$882 million)*

State Route 520 Evergreen Floating Bridge replacement

The department has entered into two contracts to build pontoons and provide improvements on the Eastside, and is poised to enter into a third contract to replace the floating bridge. The new bridge is on schedule to open in 2014. Tolling on the current SR 520 Evergreen Floating Bridge will begin in spring 2011. Building the new bridge and pontoons will create or sustain 6,000 jobs. *(Total project cost not to exceed \$4.6 billion; 2011–13 funding: \$1.2 billion multiple fund sources)*

Interstate 5 Tacoma high-occupancy vehicle lanes

Construction continues on the high-occupancy toll lanes between Portland Avenue to Port of Tacoma Road and Highway 16 and the Nalley Valley. Most of the construction will be completed in 2017. The project will create or sustain 1,600 jobs. *(Total project cost over time: \$1.5 billion multiple fund sources; 2011–13 commitment: \$305.0 million)*

Interstate 405 corridor improvements

Congestion will be relieved in the busiest commute route in the state by widening I-405 from Kirkland to Bellevue and from I-5 to Renton by 2015. The project will create or

TRANSPORTATION , CAPITAL AND ECONOMIC DEVELOPMENT

sustain 1,400 jobs. *(Total project cost: \$1.5 billion multiple fund sources; 2011–13 commitment: \$264.0 million)*

North Spokane Corridor

Funding continues to create a usable segment of the North Spokane Corridor and improve congestion between the Wandermere and the Francis/Frey Interchange and to purchase right-of-way property to complete the North Spokane Corridor. The project will create or sustain 600 jobs. *(Total project cost: \$605.0 million multiple fund sources; 2011–13 commitment: \$72.0 million)*

Interstate 90 Snoqualmie Pass

Work on I-90 east of Snoqualmie Pass includes constructing a snow shed to limit closures caused by avalanches, widening I-90 and replacing concrete pavement overdue for replacement. The project will create or sustain 800 jobs. *(Total project cost: \$551.0 million Transportation Partnership Account; 2011–13 commitment: \$147.5 million)*

Washington State Ferries

The Washington State Ferries will take delivery of the last of three new Kwa-di Tabil class ferries, the MV Kennewick, in January 2012. *(Total project cost: \$213.0 million multiple fund sources; 2011–13 funding: \$34.1 million)*

High-speed rail

Washington has secured \$782 million in high-speed rail grants for improvements in the Northwest corridor. This includes \$590 million previously awarded to the state through the American Recovery and Reinvestment Act for the Amtrak Cascades route, \$161 million in redistributed federal high-speed rail funds and \$31 million in additional awards. *(2011–13 funding: \$360.0 million multiple fund sources)*

Washington State Patrol

Funding is provided for federally required radio infrastructure and equipment that facilitates

state trooper communication. *(2011–13 funding: \$25.2 million Washington State Patrol Account)*

Funding is provided for mobile office platforms that give troopers access to electronic vehicle and driver databases from their vehicles, and for adding digital video cameras to their vehicles. These tools will increase officer and public safety. *(2011–13 funding: \$7.3 million Washington State Patrol Account)*

Department of Licensing

Funding for an online fuel tax system will allow for easier tax filing by customers, which will reduce errors, increase tax reconciliation efficiency and generate savings. *(2011–13 funding: \$7.4 million Motor Vehicle Account)*

How We Achieve Savings

Transportation agencies cut more than \$40 million in the previous two years and will close a \$272 million deficit over the next two years through actions that include these reductions and savings:

- » \$32 million and 49 FTEs across multiple programs
- » \$87 million and 200 FTEs in capital — or construction — projects
- » \$44 million in 2009–11 savings from projects that were delivered under budget or reappropriated

Washington State Ferries lost 20 percent of its operating support and 75 percent of its dedicated capital funding when voters approved Initiative 695 in 1999. Since then, the deficit has been subsidized with short-term transfers from non-ferry transportation sources. This approach is not sustainable.

A shortfall of \$865 million in the ferry capital program and \$180 million in its operating program over the next 10 years has been

TRANSPORTATION , CAPITAL AND ECONOMIC DEVELOPMENT

projected. Funding gaps of this magnitude will be addressed through such actions as:

- » **Administrative cuts:** Ferries administrative and operations support is reduced by \$2.8 million and 10 FTEs. This is in addition to \$27.7 million in administrative and capital cost reductions taken in the past two years.
- » **Labor savings:** The Office of Financial Management recently determined that labor settlements and arbitration rulings for 2011–13 are not financially feasible.
- » **Transfers:** A transfer of \$44 million into the Ferry Operating Account is made by reducing other transportation programs and projects.
- » **Fares:** An increase of 7.5 percentage points above the planned 2.5 percent is assumed, for a 10 percent increase in the first year of the biennium, subject to Transportation Commission approval. In addition, we recommend that the Commission adopt a fuel surcharge to provide additional revenues should fuel costs rise above budgeted levels.
- » **Service cuts:** Even with the actions detailed above, funding is insufficient to maintain service levels in 2011–13. In making the following reductions, priority was placed on not cutting an entire route, not eliminating service that would leave commuters with no drive-around option and spreading reductions throughout the system so no one area is disproportionately affected:
 - Reducing 40 weeks of service between Anacortes/Sidney to 22 weeks.
 - Reducing service hours on the Anacortes/San Juan Island route for 18 weeks in the fall and spring, and reducing capacity by 20 car spaces on one vessel in the summer period.
 - Reducing San Juan inter-island service hours in the fall and spring, and reducing

capacity by 23 car spaces per sailing.

- Reducing capacity of one of the Fauntleroy/Vashon/Southworth vessels by 37 car spaces.
- Not restoring the second vessel on the Port Townsend/Coupeville route.
- Eliminating the last round-trip night service on the Clinton/Mukilteo route.
- Eliminating one weekday, mid-day round trip on the Bremerton/Seattle route, eliminating night service after the 9:05 sailing and reducing capacity by 20 cars on one vessel.
- Eliminating one early afternoon and one late evening round trip on the Point Defiance/Tahlequah route.

In total, these actions will reduce average daily sailings from 505 to 477 in the next biennium.

CAPITAL CONSTRUCTION AND LOCAL ASSISTANCE

Governor Gregoire is engaged with business, labor and community leaders to create as many jobs as possible during the recession by focusing the capital budget on construction-ready public works projects. The Governor's proposed \$2.1 billion capital budget and \$261 million public works budget are estimated to support 15,000 construction-related jobs for the biennium. This crucial funding will both put people to work and create facilities and infrastructure to propel Washington along the long road to economic prosperity.

Investments

COMMUNITY PROJECTS

Housing Assistance, Weatherization and Affordable Housing Trust Fund (statewide)

Add funds to this program that helps communities finance new housing and preserve

TRANSPORTATION , CAPITAL AND ECONOMIC DEVELOPMENT

housing stock for low-income individuals. Priority is given to projects ready for construction this biennium. *(\$40.8 million bonds)*

Department of General Administration building demolition (Olympia)

Demolish the General Administration office building and parking garage as it not economically feasible to renovate them. Staff members will take offices vacated by state agencies that move to the new Wheeler Building. *(\$6.3 million bonds)*

Community Economic Revitalization Board (statewide)

Increase loans to respond to business siting and expansion needs, build industrial sites for business development, target expansions in key business sectors, and spur creation and retention of higher-wage jobs. *(\$5.0 million Public Facility Construction Loan Revolving Account)*

Hilltop Health Center (Tacoma)

Start design for a medical and dental facility for 15,200 low-income and underserved patients to prevent unneeded visits to emergency rooms. *(\$2.0 million bonds)*

Second Harvest food bank (Spokane)

Renovate and upgrade a food bank warehouse to expand capacity to handle large donations and improve efficiency. *(\$1.3 million bonds)*

American Lake veteran's golf course (Lakewood)

Add nine holes to this golf course that serves veterans and wounded members of the military. *(\$1.0 million bonds)*

Building Communities Fund grants (statewide)

Provide nonprofit organizations with technical assistance and funding for social service and multipurpose community centers. This is a competitive grant program. *(\$1.0 million bonds)*

Skagit Valley Hospital (Mount Vernon)

Remodel space for a larger inpatient behavioral health center to more appropriately serve patients. *(\$800,000 bonds)*

PUBLIC SAFETY

Washington State Penitentiary (Walla Walla)

Construct one new 198-bed, close-custody housing unit, one new 256-bed, medium-custody housing unit and a kitchen expansion at the Washington State Penitentiary. *(\$49.9 million bonds)*

Washington State Patrol (statewide)

Supply equipment to convert radio communication for emergency personnel from wideband analog to narrowband, which will provide a more reliable communication system. *(\$15.0 million bonds)*

New prison reception center (westside of state)

Move ahead on this project that includes land acquisition, facility design and construction. Last year, the Legislature provided authorization to site a new westside correctional facility at a location to be determined. *(\$14.7 million bonds)*

Washington Corrections Center (Shelton)

Begin the design phase for the construction of a 300 bed men's minimum-custody facility at the Washington Corrections Center facility. *(\$3.8 million bonds)*

EDUCATION

Eastern Washington University – Patterson Hall remodel

Complete renovation of the remaining 77,374 square feet of the building, which finishes the project. *(\$38.6 million bonds)*

Everett Community College – Index Hall replacement

Replace the Index Hall complex with this 69,350 square-foot facility, which will provide

TRANSPORTATION , CAPITAL AND ECONOMIC DEVELOPMENT

instructional space for nursing and allied health programs and accommodate an additional 412 students. *(\$37.6 million bonds)*

Lower Columbia College – Health and Science Building

Construct a 70,000 square foot building to replace outdated facilities to house science and allied health programs and laboratory. *(\$35.1 million bonds; \$2.6 million Community/Technical College Capital Projects Account-State)*

Washington State University – Design Disciplines Facility renovation

Adaptively re-use building for two academic departments from former use as Students Book Corporation. *(\$18.0 million bonds)*

The Evergreen State College – Communications Laboratory Building renovation

Renovate over 90,000 gross square feet of this major academic facility on the college's Olympia campus. *(\$10.8 million bonds)*

School repairs (statewide)

Expand the Small Repair Grant Program, which helps schools with urgent needs, such as a leaky roof or an out-of-date fire suppression system, to ensure the health and safety of students. Grants of up to \$100,000 are offered. This request continues the program which has been in place since 2002 and targets districts that struggle to pass local levies. *(\$10.0 million bonds)*

University of Washington – House of Knowledge Longhouse

Complete design and begin construction of the House of Knowledge, a Coast Salish longhouse-style, 18,800 square-foot building. This project is a partnership among Native American tribes, the state of Washington and the University of Washington. *(\$2.7 million University of Washington Building Account)*

Aviation High School (Seattle)

Construct a permanent facility on property adjacent to the Museum of Flight's airpark for this high school that serves 420 students interested in careers related to the flight industry with a curriculum that stresses math, science and engineering. *(\$2.0 million bonds)*

ENVIRONMENT

Drinking Water Assistance Program (statewide)

Make loans to local governments, and public and private water systems, for projects to protect the state's drinking water facilities and resources. *(\$48.0 million Drinking Water Assistance Account)*

Puget Sound restoration and salmon recovery grants (Puget Sound)

Award grants to protect and restore the Puget Sound near-shore, salmon habitat and other resources. All projects have been identified as high-priority by the Puget Sound Partnership's Action Agenda and Salmon Recovery Plan, are ready for construction and will create jobs. *(\$50.0 million bonds; \$12.0 million State Toxics Control Account)*

Storm water mitigation (statewide)

Fund grants to local governments to construct new or retrofit inadequate storm water infrastructure. *(\$40.0 million Local Toxics Control Account)*

Green River flood levee improvements (King County)

Provide funds to the King County Flood Control District to construct improvements to the Reddington, Hawley Road and the Boeing levees in the Lower Green River Valley. These improvements will help protect thousands of homes and businesses in the valley from flooding. *(\$6.2 million bonds)*

TRANSPORTATION , CAPITAL AND ECONOMIC DEVELOPMENT

Tulalip water pipeline (Tulalip Indian Reservation)

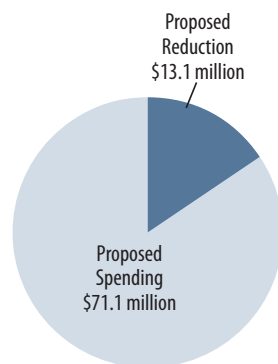
Construct segments 3 and 4 (Snohomish River and Smith Island) of the Tulalip water pipeline, which will supply water from the city of Everett to the reservation. *(\$3.0 million bonds)*

Chehalis River flood mitigation program (Thurston, Lewis and Grays Harbor counties)

Cover the nonfederal costs for the U.S. Army Corps of Engineers' flood hazard mitigation projects for the Chehalis River basin. Funding is also provided for the Chehalis River Basin Flood Authority to establish local flood districts, complete fish studies to evaluate upriver water retention, and complete the Chehalis River hydraulic model in Thurston and Grays Harbor counties. *(\$2.3 million bonds)*

ECONOMIC DEVELOPMENT

The recession has been especially hard on Washington's workers and families. Governor Gregoire has committed to getting Washingtonians back to work through economic development strategies that create jobs. To that end, she supports programs that protect workers, increase job opportunities and spur innovation. Yet in recognition of the need to prioritize resources across state government, her budget shrinks a number of programs that have promoted employment opportunities in the past. The Governor proposes to substantially preserve funding for a program that delivers hands-on services to businesses considering locating in Washington, as described below.



What We Invest In

The Business Services Development program in the Department of Commerce recruits potential businesses to locate in Washington. It delivers support to associate development organization networks through marketing tools, economic data, access to capital and opportunities for companies to develop and promote their products and services. In addition, it offers education to national site selectors on the benefits of doing business in Washington state. Minor reductions were made in the program's budget in light of its key role in promoting economic development. *(\$15.6 million General Fund-State)*

How We Achieve Savings

Eliminate all General Fund-State funding by the end of fiscal year 2011 for the Washington State Tourism Office in the Department of Commerce. The department is engaged with stakeholders to form a new, more stable tourism development and finance model. *(\$4.0 million GF-S; \$1.0 million Tourism Development and Promotion Account-State; \$8.0 million Tourism Enterprise Account-Nonappropriated)*

Eliminate General Fund-State funding for the Local Government Fiscal Note program in the Department of Commerce. This program will be funded from the County Research Services Account and City and Town Research Services Account. *(\$493,000 GF-S)*

Reduce pass-through funding for the Innovative Research Teams (Entrepreneurial Stars) program in the Department of Commerce, which recruits and retains high-level researchers for our public research universities. *(\$439,000 GF-S)*

TRANSPORTATION , CAPITAL AND ECONOMIC DEVELOPMENT

Reduce funding for state contracts with the Washington Technology Center, which facilitates partnerships among universities, private industry and government that stimulate the economy through revenue generation, new companies and more jobs. *(\$300,000 GF-S)*

Reduce pass-through funding for the Spokane Intercollegiate Research and Technology Institute, or SIRTI, which delivers entrepreneurial coaching, no- or low-cost business services, access to capital and legal services. SIRTI is encouraged to raise local funds to offset the reduction. *(\$200,000 GF-S)*

Reduce funding for the Washington State Economic Development Commission in the Department of Commerce, which provides planning, evaluation, monitoring and policy analysis for the state's economic development system. *(\$113,000 GF-S)*